June 7, 2019

COLLECTIVE BARGAINING AGREEMENTS AND SECTION 301 OF THE LABOR MANAGEMENT RELATIONS ACT: WHAT UNIONIZED EMPLOYEES SHOULD KNOW

Natural Resource (/full-blog/category/Natural+Resource)

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According to an annual report issued by the Bureau of Labor Statistics, the utility industry led the private sector in union membership in 2018, with a relatively high unionization rate of 20.1 percent.[i] Therefore, it is important that employees and employers within the utility industry are made aware of § 301 of the Labor Management Relations Act (LMRA), and how it affects labor disputes involving collective bargaining agreements. Knowledge of this section is important because of its effect on the viability of such disputes brought under state law, and therefore the rights of employees and the liability of employers.

The LMRA was enacted by Congress in 1947 as an amendment to the National Labor Relations Act (NLRA).[ii] Better known as the "Taft-Hartley Act," the legislation was introduced to, among other things, diminish the power of unions and aid in the resolution of disputes over labor agreements.[iii] Section 301 of the Act directly impacted the resolution of these actions by providing the federal government jurisdiction over the enforcement of terms in most labor contracts.[iv] It did so by eliminating the amount in controversy and citizenship requirements of diversity jurisdiction actions, and instead only required that an employer involved in a dispute be engaged in interstate commerce.[v] The Supreme Court, in a 1962 ruling, held that only federal law would apply to such labor disputes.[vi] As a result of this decision, courts are preempted from applying state law when adjudicating a dispute, so long as a claim is controlled by a collective bargaining agreement or some other type of labor agreement.[vii]

Awareness of § 301 and its effects is also crucial because of the frequency in which it is used in resolving labor disputes. A recent example of its use is in *Curtis et al. v. Irwin Industries Inc. et al.*[viii] According to the plaintiffs' allegations asserted in that action, Irwin Industries Inc. failed to comply with California's minimum wage law, and also refused to provide employees with adequate meal breaks, rest periods, and overtime pay.[ix] The claim was originally dismissed by U.S. District Judge Otis D. Wright, who found that the plaintiffs' claims were preempted by § 301 of the LMRA.[x] The plaintiffs appealed the decision, and in a January 2019 ruling, a three-judge panel from the Ninth Circuit partially affirmed the lower court's dismissal of the suit brought against Irwin Industries Inc. The panel held that the plaintiffs, who are unionized offshore oil rig workers, could not pursue an unpaid-overtime claim because the existence of a collective bargaining agreement preempted the state law claim under the LMRA.[xi]

credit (https://www.njpublicsafetyofficers.com/2016/11/articles/agencies-barred-from-unilaterally-changing-terms-of-bargaining-agreement-court-rules/)

The ruling by the Ninth Circuit panel included a discussion of a two-part test. Under this test, a court must first consider whether a claim involves a right provided to employees exclusively through a collective bargaining agreement.[xii] If the right is conferred by the agreement, then the claim is preempted by the LMRA. If the court determines that the right is not provided solely by the agreement, and is instead based on state law, the court must consider whether the agreement must be interpreted to adjudicate the claim. If it must be interpreted, the claim is preempted.[xiii]

The two-part test used by the panel in *Curtis* is derived from a Ninth Circuit ruling in a similar case. In *Kobold v. Good Samaritan Reg'l Med. Ctr*, the Court of Appeals for the Ninth Circuit ruled on three consolidated cases involving similar labor dispute claims brought by employees covered by collective bargaining agreements.[xiv] Through its ruling, the Ninth Circuit clarified the two-part test for preemption that was previously introduced in prior cases.[xv]

Given the effect § 301 has on the viability of claims brought by unionized employees, it is important for such employees to ensure that any rights provided under state law, which are included in a collective bargaining agreement, are presented without need for interpretation of the agreement itself. Interpretation of any part of a collective bargaining agreement is likely to be preempted by the LMRA.

[i] *Union Membership (Annual) News Release*, Bureau of Labor Statistics (Jan.18, 2019), https://www.bls.gov/news.release/union2.htm.

[ii] *Primer on Hybrid Section 301 Claims*, Berry Moorman, https://berrymoorman.com/2001/03/27/a-short-primer-on-hybrid-section-301-claims-for-the-unionized-employer/.

[iii] *Labor Management Relations Act of 1947 (Taft-Hartley Act),* Influence Watch,

https://www.influencewatch.org/legislation/labor-management-relations-act-of-1947-taft-hartley-act/.

[iv] Primer, *supra* note ii.

[v] *Id.*

[vi] *Id.*

[vii] *Id.*

[viii] Mark Tabakman, *LMRA Preemption Defense Works Yet Again: Defense Counsel Should Always Look for It!*, Fox Rothschild (Jan. 31, 2019),

https://wagehourlaw.foxrothschild.com/2019/01/articles/overtime-issues/lmra-preemption-defense-works-yet-again-defense-counsel-should-always-look-for-it/.

[ix] Vin Gurrieri, *Oil Workers' Overtime Claims Barred By CBA, 9th Circ. Says*, Law360 (Jan. 28, 2019, 6:13 PM), https://www.law360.com/energy/articles/1122408/oil-workers-overtime-claims-barred-by-cba-9th-circ-says.

[x] *Id.*

[xi] *Id.*

[xii] *Id.*

[xiii] *Id.*

[xiv] Practical Law Labor & Employment, *Ninth Circuit Clarifies Parameters for Preemption Analysis Under Section 301 of LMRA*, Thomas Reuters Practical Law (Aug. 16, 2016), https://1.next.westlaw.com/Document/I4fe7ff71605111e698dc8b09b4f043e0/View/FullText.html?contextData=(sc.Default)&transitionType=Default&firstPage=true&bhcp=1.

[xv] *Id.*

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